

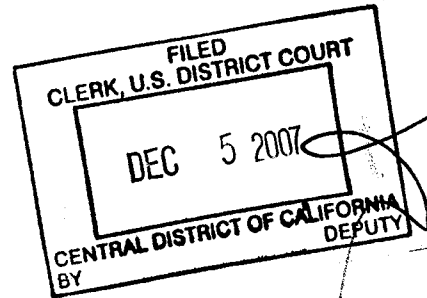
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RONALD A. KATZ TECHNOLOGY LICENSING  
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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

IN RE KATZ INTERACTIVE CALL  
PROCESSING PATENT  
LITIGATION

RONALD A. KATZ TECHNOLOGY  
LICENSING, L.P.,

Plaintiff,

Case No. 07-ML-01816-B-RGK  
(FFMx)

Case No. CV 07-2340-RGK (FFMx)

**THIRD AMENDED  
COMPLAINT FOR PATENT  
INFRINGEMENT**

**DEMAND FOR JURY TRIAL**

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v.  
HUMANA, INC. and HUMANA  
MILITARY HEALTHCARE  
SERVICES, INC.  
Defendants.

Judge: Hon. R. Gary Klausner

Date: November ~~29~~ 20, 2007  
Time: 9:00 a.m.

1 Plaintiff, Ronald A. Katz Technology Licensing, L.P. ("Katz Technology  
2 Licensing"), by counsel, alleges as follows:

3 **I. THE PARTIES**

4 1. Plaintiff Katz Technology Licensing is a limited partnership organized  
5 under the laws of the State of California, and having a principal place of business at  
6 9220 Sunset Blvd. #315, Los Angeles, California 90069.

7 2. On information and belief, Defendant Humana, Inc. is a corporation  
8 organized under the laws of the State of Delaware, and having a principal place of  
9 business at 500 West Main Street, Louisville, Kentucky 40202.

10 3. On information and belief, Defendant Humana Military Healthcare  
11 Services, Inc. is a corporation organized under the laws of the State of Delaware,  
12 and having a principal place of business at 500 West Main Street, Louisville,  
13 Kentucky 40202.

14 **II. JURISDICTION AND VENUE**

15 4. This is a civil action for patent infringement arising under the United  
16 States patent statutes, 35 U.S.C. § 1 et seq.

17 5. The United States District Court for the Eastern District of Texas ("the  
18 Texas Court") has jurisdiction over the subject matter of this action under 28 U.S.C.  
19 §§ 1331 and 1338(a).

20 6. Humana, Inc. and Humana Military Healthcare Services, Inc.  
21 (collectively, the "Humana defendants") are subject to the Texas Court's personal  
22 jurisdiction because they do and have done substantial business in the Eastern  
23 District of Texas, including: (i) providing services within the Eastern District of  
24 Texas; (ii) operating infringing automated telephone systems, including without  
25 limitation the Humana commercial members telephone systems, that allow its  
26 customers, including customers within the State of Texas and in the Eastern District  
27 of Texas, to perform and obtain insurance, membership and financial services over  
28 the telephone; and (iii) regularly doing or soliciting business, engaging in other

1 persistent courses of conduct, and/or deriving substantial revenue from goods used  
2 or consumed by, and services provided to, individuals in the State of Texas and in  
3 the Eastern District of Texas.

4 7. Venue is proper in the Eastern District of Texas under 28 U.S.C.  
5 §§ 1391(b)-(c) and 1400(b). This case is before this Court pursuant to the Transfer  
6 Order dated March 20, 2007, *In re Katz Interactive Call Processing Patent Litig.*,  
7 Docket No. 1816.

### 8 **III. BACKGROUND FACTS**

9 8. Ronald A. Katz ("Mr. Katz"), founder of Katz Technology Licensing,  
10 is the sole inventor of each of the patents in suit. Mr. Katz has been widely  
11 recognized as one of the most prolific and successful inventors of our time, and his  
12 inventions over the last forty-plus years have been utilized by literally millions of  
13 people.

14 9. In 1961, Mr. Katz co-founded Telecredit Inc. ("Telecredit"), the first  
15 company to provide online, real-time credit authorization, allowing merchants to  
16 verify checks over the telephone. Further innovations from Telecredit include the  
17 first online, real-time, point-of-sale credit verification terminal, which enabled  
18 merchants to verify checks without requiring the assistance of a live operator, and  
19 the first device that used and updated magnetically-encoded cards in automated  
20 teller machines. Multiple patents issued from these innovations, including patents  
21 co-invented by Mr. Katz.

22 10. Telecredit was eventually acquired by Equifax, and has now been spun  
23 off as Certegy, a public company traded on the New York Stock Exchange.  
24 Certegy continues to provide services in the credit and check verification field  
25 established by Mr. Katz and Telecredit.

26 11. Mr. Katz's inventions have not been limited to telephonic check  
27 verification. Indeed, Mr. Katz is responsible for advancements in many fields of  
28 technology. Among his most prominent and well-known innovations are those in

1 the field of interactive call processing. Mr. Katz's inventions in that field are  
2 directed to the integration of telephonic systems with computer databases and live  
3 operator call centers to provide interactive call processing services.

4 12. The first of Mr. Katz's interactive call processing patents issued on  
5 December 20, 1988. More than fifty U.S. patents have issued to Mr. Katz for his  
6 inventions in the interactive call processing field, including each of the patents-in-  
7 suit.

8 13. In 1988, Mr. Katz partnered with American Express to establish FDR  
9 Interactive Technologies, later renamed Call Interactive, to provide interactive call  
10 processing services based on Mr. Katz's inventions. The American Express  
11 business unit involved in this joint venture later became known as First Data.

12 14. Early clients of Call Interactive included The New York Times, ABC's  
13 Monday Night Football, KABC Radio, CBS News, and Beatrice Foods (Hunt-  
14 Wesson division).

15 15. Many of these clients utilized Call Interactive technology for high-  
16 profile events. For example, CBS News hired Call Interactive to operate an  
17 interactive, real-time telephone poll to gauge viewer reaction to President George  
18 H.W. Bush's 1992 State of the Union address.

19 16. Mr. Katz sold his interest in Call Interactive to American Express in  
20 1989 but continued to provide advisory services to Call Interactive until 1992.  
21 American Express later spun off the First Data business unit into a separate  
22 corporation, and with that new entity went Mr. Katz's interactive call processing  
23 patents and the Call Interactive call processing business. The former Call  
24 Interactive, now known as First Data Voice Services, continues to provide call  
25 processing solutions today.

26 17. In 1994, Mr. Katz formed Katz Technology Licensing, which acquired  
27 the rights to the entire interactive call processing patent portfolio, including the  
28 rights to each of the patents-in-suit, from First Data, the owner of all of the Katz

1 interactive call processing patents at that time.

2 18. The marketplace has clearly recognized the value of Mr. Katz's  
3 inventions. Indeed, over 200 companies, including in some instances direct  
4 competitors of the defendants, have licensed the patents-in-suit. Licensees include  
5 IBM, Hewlett-Packard, Bank of America, JPMorgan Chase, Wells Fargo, HSBC,  
6 AT&T, Verizon, Sprint, Microsoft, Delta Airlines, Merck, Sears, and Home  
7 Shopping Network. These licensees and others acknowledge the applicability of  
8 the patents-in-suit to multiple fields of use, including but not limited to financial  
9 services call processing, automated securities transactions, automated credit card  
10 authorization services, automated wireless telecommunication services and support,  
11 automated health care services, and product and service support.

12 19. Each of the defendants employs the inventions of certain of the  
13 patents-in-suit. Katz Technology Licensing, through its licensing arm A2D, L.P.,  
14 has repeatedly attempted to engage the defendants in licensing negotiations, but to  
15 date, none of the defendants have agreed to take a license to any of the patents-in-  
16 suit.

#### 17 **IV. THE PATENTS-IN-SUIT**

18 20. On December 20, 1988, the United States Patent and Trademark  
19 Office duly and legally issued United States Patent No. 4,792,968 ("the '968  
20 Patent"), entitled "Statistical Analysis System For Use With Public Communication  
21 Facility," to Ronald A. Katz, sole inventor. The '968 Patent expired on December  
22 20, 2005.

23 21. On September 27, 1994, the United States Patent and Trademark  
24 Office duly and legally issued United States Patent No. 5,351,285 ("the '285  
25 Patent"), entitled "Multiple Format Telephonic Interface Control System," to  
26 Ronald A. Katz, sole inventor. The '285 Patent expired on December 20, 2005.

27 22. On October 1, 1996, the United States Patent and Trademark Office  
28 duly and legally issued United States Patent No. 5,561,707 ("the '707 Patent"),

1 entitled "Telephonic Interface Statistical Analysis System," to Ronald A. Katz, sole  
2 inventor. The '707 Patent expired on December 20, 2005.

3 23. On November 4, 1997, the United States Patent and Trademark Office  
4 duly and legally issued United States Patent No. 5,684,863 ("the '863 Patent"),  
5 entitled "Telephonic-Interface Statistical Analysis System," to Ronald A. Katz, sole  
6 inventor. The '863 Patent expired on December 20, 2005.

7 24. On September 29, 1998, the United States Patent and Trademark  
8 Office duly and legally issued United States Patent No. 5,815,551 ("the '551  
9 Patent"), entitled "Telephonic-Interface Statistical Analysis System," to Ronald A.  
10 Katz, sole inventor. The '551 Patent expired on December 20, 2005.

11 25. On October 27, 1998, the United States Patent and Trademark Office  
12 duly and legally issued United States Patent No. 5,828,734 ("the '734 Patent"),  
13 entitled "Telephone Interface Call Processing System With Call Selectivity," to  
14 Ronald A. Katz, sole inventor.

15 26. On June 29, 1999, the United States Patent and Trademark Office duly  
16 and legally issued United States Patent No. 5,917,893 ("the '893 Patent"), entitled  
17 "Multiple Format Telephonic Interface Control System," to Ronald A. Katz, sole  
18 inventor. The '893 Patent expired on December 20, 2005.

19 27. On October 26, 1999, the United States Patent and Trademark Office  
20 duly and legally issued United States Patent No. 5,974,120 ("the '120 Patent"),  
21 entitled "Telephone Interface Call Processing System With Call Selectivity," to  
22 Ronald A. Katz, sole inventor.

23 28. On November 14, 2000, the United States Patent and Trademark  
24 Office duly and legally issued United States Patent No. 6,148,065 ("the '065  
25 Patent"), entitled "Telephonic-Interface Statistical Analysis System," to Ronald A.  
26 Katz, sole inventor. The '065 Patent expired on July 10, 2005.

27 29. On September 18, 2001, the United States Patent and Trademark  
28 Office duly and legally issued United States Patent No. 6,292,547 ("the '547

Patent”), entitled “Telephonic-Interface Statistical Analysis System,” to Ronald A. Katz, sole inventor. The ‘547 Patent expired on July 10, 2005.

30. On January 1, 2002, the United States Patent and Trademark Office duly and legally issued United States Patent No. 6,335,965 (“the ‘965 Patent”), entitled “Voice-Data Telephonic Interface Control System,” to Ronald A. Katz, sole inventor. The ‘965 Patent expired on December 20, 2005.

31. On February 19, 2002, the United States Patent and Trademark Office duly and legally issued United States Patent No. 6,349,134 (“the ‘134 Patent”), entitled “Telephonic-Interface Statistical Analysis System,” to Ronald A. Katz, sole inventor. The ‘134 Patent expired on December 20, 2005.

32. On August 13, 2002, the United States Patent and Trademark Office duly and legally issued United States Patent No. 6,434,223 (“the ‘223 Patent”), entitled “Telephone Interface Call Processing System With Call Selectivity,” to Ronald A. Katz, sole inventor. The ‘223 Patent expired on July 10, 2005.

33. On January 13, 2004, the United States Patent and Trademark Office duly and legally issued United States Patent No. 6,678,360 (“the ‘360 Patent”), entitled “Telephonic-Interface Statistical Analysis System,” to Ronald A. Katz, sole inventor. The ‘360 Patent expired on July 10, 2005.

### COUNT I

#### (PATENT INFRINGEMENT BY HUMANA, INC. and HUMANA MILITARY HEALTHCARE SYSTEMS, INC.)

34. Katz Technology Licensing realleges and incorporates by reference paragraphs 1 to 33 as if fully set forth herein.

35. Katz Technology Licensing is the sole holder of the entire right, title, and interest in the ‘968, ‘285, ‘707, ‘863, ‘551, ‘734, ‘893, ‘120, ‘065, ‘547, ‘965, ‘134, ‘223, and ‘360 Patents.

36. The Humana defendants operate automated telephone systems, including without limitation the Humana commercial members telephone systems,

1 that allow their customers to perform and obtain insurance, membership and  
2 financial services over the telephone.

3 37. The Humana defendants have directly and contributorily infringed, and  
4 induced others to infringe, one or more claims of each of the patents identified in  
5 paragraph 35 of this Complaint by making, using, offering to sell, and/or selling  
6 within the United States automated telephone systems, including without limitation  
7 the Humana commercial members telephone systems.

8 38. The Humana defendants continue to infringe, contributorily infringe,  
9 and induce others to infringe the '734 and '120 Patents.

10 39. The Humana defendants' infringement of the patents identified in  
11 paragraph 35 of this Complaint has been willful.

12 40. Katz Technology Licensing has been, and continues to be, damaged  
13 and irreparably harmed by the Humana defendants' infringement, which will  
14 continue unless the Humana defendants are enjoined by this Court and/or the Texas  
15 Court.

### 16 **REQUEST FOR RELIEF**

17 WHEREFORE, Plaintiff Katz Technology Licensing respectfully  
18 requests the following relief:

19 A. A judgment holding the Humana defendants liable for infringement of  
20 the patents identified in paragraph 35 of this Complaint;

21 B. A permanent injunction against the Humana defendants, their officers,  
22 agents, servants, employees, attorneys, parent and subsidiary corporations, assigns  
23 and successors in interest, and those persons in active concert or participation with  
24 them, enjoining them from continued acts of infringement of the '734 and '120  
25 Patents;

26 C. An accounting for damages resulting from the Humana defendants'  
27 infringement of the patents identified in paragraph 35 of this Complaint, together  
28 with pre-judgment and post-judgment interest;

1 D. A judgment holding that the Humana defendants' infringement of the  
2 patents identified in paragraph 35 of this Complaint is willful, and a trebling of  
3 damages pursuant to 35 U.S.C. § 284;

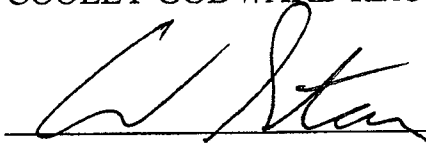
4 E. A judgment holding this Action an exceptional case, and an award to  
5 Plaintiff Katz Technology Licensing for its attorneys' fees and costs pursuant to 35  
6 U.S.C. § 285; and

7 F. Such other relief as this Court and/or the Texas Court deem just and  
8 equitable.

9 Dated: October 26, 2007

Respectfully submitted,

COOLEY GODWARD KRONISH LLP

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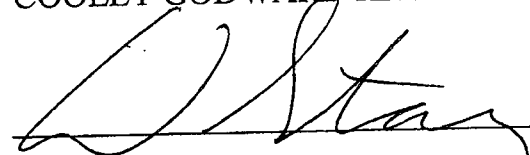
**DEMAND FOR JURY TRIAL**

Pursuant to Federal Rule of Civil Procedure 38, Plaintiff Ronald A. Katz Technology Licensing, L.P. hereby demands a trial by jury.

Dated: October 26, 2007

Respectfully submitted,

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